

**DEPARTMENT OF THE TREASURY
Customs Service**

**Modification, Expansion, and Re-Designation of
National Customs Automation Program Test of the
Account-Based Declaration Prototype to Free and Secure Trade**

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: In this notice, Customs is re-designating the National Customs Automation Program (NCAP) test of an Account-Based Declaration Prototype (NCAP/P) as the Free and Secure Trade (FAST) prototype, and modifying the importer eligibility requirements from those set forth in a notice published in the **Federal Register** on August 21, 1998. The FAST prototype will provide expedited processing of participants' qualifying merchandise in designated traffic lanes, provided that the merchandise is transported by certain registered highway carriers and drivers and that specified data is submitted to Customs prior to the merchandise's arrival at the border. Customs is also announcing the addition of two additional ports of entry along the Northern Border for the testing of the prototype and the suspension of prototype participation at the one port of entry along the Southern Border. Participants in the present NCAP/P test need not reapply for participation in the FAST if they are participants in the Customs Trade Partnership against Terrorism (C-TPAT) initiative. Current NCAP/P participants must continue to follow all the operational procedures of the program and will be bound by the terms and conditions found in this notice effective upon

publication of this notice. Public comments concerning any aspect of this test program or procedure are solicited.

EFFECTIVE DATES: The redesignated FAST program will begin upon publication of this notice. This prototype will be tested until the Automated Commercial Environment (ACE) is completed. Applications to participate in this NCAP prototype test may be submitted at any time throughout the duration of this test. Evaluations of the prototype will occur periodically. Public comments on any aspect of the planned test must be received on or before January 1, 2003. All comments received will be part of the public record and made available to third parties upon request.

ADDRESSES: Written requests to participate in the prototype test should be sent to U.S. Customs Service, FAST Registration Office, 50 South Main Street - Suite 100R, St. Albans, Vermont 05478. Comments regarding any aspect of the test should be sent or faxed to Enrique S. Tamayo, U.S. Customs Service, 1300 Pennsylvania Avenue NW, Room 5.2A, Washington, DC 20229, telephone number: (202) 927-3112; fax number: (202) 927-1096.

FOR FURTHER INFORMATION CONTACT:

For inquiries regarding the eligibility of specific importers contact:

Richard DiNucci at (202) 927-6302;

For questions on reconciliation contact:

John Leonard at (202) 927-0915;

For questions on statement processing contact:

Debbie Scott at (202) 927-1962;

For questions on violation billing contact:

Byron Kissane at (202) 927-2148;

For questions on other aspects of the FAST Prototype contact:

Daniel Buchanan at (617) 565-6236.

SUPPLEMENTARY INFORMATION:

Background

On March 27, 1997 Customs published a General Notice in the **Federal Register** (62 FR 14731) that announced Customs plan to conduct a test, pursuant to § 101.9(b) of the Customs Regulations (19 CFR 101.9(b)), of a planned National Customs Automation Program component (see 19 U.S.C. 1411-1414) called an account-based declaration prototype, known by the acronym NCAP/P. The NCAP/P was developed to provide the first operational demonstration of the Automated Commercial Environment (ACE), with capabilities for processing imports that would integrate the new account-based import declaration process with other aspects of the Trade Compliance process and selected features of NCAP elements of Title VI of the North American Free Trade Agreement Implementation Act, Public Law 103-182, 107 Stat. 2057 (December 8, 1993), popularly known as the Customs Modernization Act which established the National Automation Program (NCAP) as an automated and electronic system for the processing of commercial importations. This phase of the NCAP/P test was initially limited to certain importers that imported certain merchandise by truck through three ports: Laredo, Texas; and Detroit and Port Huron, Michigan.

On August 21, 1998 Customs published another General Notice in the **Federal Register** (63 FR 44949) that replaced the previously published document to revise the importer eligibility requirements for participation in the NCAP/P, incorporate enhancements to reconciliation, and clarify the statement process. This second General Notice also outlined the development and evaluation methodology that would be used in the test. As with the first notice, public comments were invited on any aspect of the test. Reference to these earlier documents should be sought by importers interested in participating in this account-based declaration processing prototype, or interested in understanding the ACE Trade Compliance account-based declaration process, which includes remote location filing, statement processing, and reconciliation. Further, the information published by Customs on August 21, 1998, concerning the test development methodology, the general requirements for the prototype test, maintenance of account, misconduct procedures, identification of the regulatory provisions suspended, and evaluating the prototype, remains the same except as provided below.

It is noted that Customs also published another document in the **Federal Register** concerning the NCAP/P on October 15, 1998 (63 FR 55426). That document discussed Customs plan to expand the NCAP/P to five additional ports of entry. The planned expansion to those ports has yet to occur.

Prototype Changes

This document advises the public that Customs is redesignating the NCAP/P as the Free and Secure Trade (FAST) prototype and is modifying the

importer eligibility requirements to reflect the need for ensuring security while facilitating the processing of merchandise. This document also announces the addition of two additional ports of entry along the Northern Border for the testing of the prototype and the suspension of prototype participation at the one port of entry along the Southern Border. Public comments concerning any aspect of this test are solicited.

The NCAP/P is redesignated as the FAST prototype to clearly show that importers must now participate in the Customs-Trade Partnership Against Terrorism (C-TPAT) Program to participate or to continue participating in the testing of the prototype and that U.S./Canada border highway carriers and their drivers must be FAST registered. Merchandise imported by C-TPAT participating importers will also be eligible for expedited processing along the U.S./Canada border in FAST-designated traffic lanes under Pre-Arrival Processing System (PAPS) procedures, provided that the U.S./Canada border highway carriers and the drivers are FAST registered. Conveyances transporting merchandise that is comprised of both shipments of merchandise of C-TPAT-participating importers and shipments of non-C-TPAT-participating importers will not be afforded FAST-expedited processing.

The C-TPAT is a joint government-business initiative to build cooperative relationships that strengthen overall supply chain and border security for the United States. Importers participate in the C-TPAT by agreeing to work with Customs in improving security procedures along the entire supply chain of the merchandise they import.

The FAST Program is a bilateral initiative between the United States and Canada to enhance the security and safety along their shared border, while also enhancing the economic prosperity of each country, by aligning, to the maximum extent possible, their customs commercial programs. A component of the Northern-border FAST Program is Highway Carriers Registration, which allows FAST-approved highway carriers and their designated drivers in possession of a valid FAST/Commercial Driver Card to use FAST-lane processing at designated ports of entry.

The PAPS (Pre-Arrival Processing System) is an automated cargo release procedure adopted by Customs that requires certain entry data generated by a carrier to be submitted to Customs prior to the arrival of the merchandise at the designated port of entry for cargo selectivity concerns and utilizes barcode technology to expedite the release of those commercial shipments not selected for examination. To process a PAPS transaction, the carrier attaches a unique barcode label which consists of the carriers Standard Carrier Alpha Code (SCAC) and pro bill number to each invoice and truck manifest while the merchandise is still in Canada. This information is then transmitted to the U.S. Customs broker who prepares a Border Cargo Selectivity entry in the Automated Commercial System (ACS) before the merchandise arrives at the U.S. border. When the merchandise arrives at the U.S. border, the Customs inspector wands the barcode information which automatically retrieves the entry information from the ACS system. If no examination is needed, the Inspector releases the truck

from the primary booth; thus, reducing the carrier's wait time and easing congestion at that border crossing.

For further information and application procedures regarding the C-TPAT and Northern-border FAST initiatives, and for further information regarding the PAPS procedures visit Customs website at <http://www.customs.ustras.gov/tpatf.htm>

The importer eligibility requirements for participation in the redesignated FAST prototype are modified to reflect the need for ensuring security while facilitating the processing of properly documented merchandise. Applicants no longer have to be designated as within the top echelon of importers or import merchandise within any of the Customs Primary Focus Industry categories, but must be a participant in the C-TPAT initiative; existing NCAP/P participants must be prepared to follow all the operational procedures and will be bound by the terms and conditions found in this and the previously cited notice. Further, if the importer will be entering merchandise along the Northern border, then both the Northern-border highway carriers and their drivers must be FAST registered.

Regarding the addition of two additional ports of entry along the Northern Border for the testing of the prototype and the suspension of prototype participation at the one port of entry along the Southern Border, from the date of publication of this notice, importers may now enter merchandise for prototype processing at the Northern-border ports of:

1. Port Huron (Blue Water Bridge) and Detroit (Ambassador Bridge and/or Windsor Tunnel), Michigan;

2. Blaine, Washington; and
3. Buffalo (including the Peace Bridge and Lewiston Bridge)
and Champlain, New York.

At this time, prototype processing is suspended at the Southwest-border port of entry at Laredo, Texas. Customs will consider re-establishing this prototype at the Laredo port of entry if sufficient interest is shown by the importing community.

Application for FAST

Participants in the present NCAP/P need not re-apply to participate in the FAST prototype, but must be prepared to follow all the operational procedures and will be bound by the terms and conditions found in the previously cited notice and this notice effective upon publication of this notice and their carriers and drivers must become FAST registered by February 1, 2003 to continue receiving expedited release under FAST. For ease of reference, the application information for new applicants, is set forth in this document.

Importers who wish to participate in the FAST prototype must submit an application to the St. Albans, Vermont, Service Port at the address indicated with the following information:

- A. Importer's name, address, and IRS employer identification number or social security number;
- B. Names and addresses of all shippers and all sellers/vendors for the FAST prototype;
- C. A listing of all the 6-digit HTS numbers under which the imported commodities will be classified;

D. The surety and surety code and the number of the continuous surety bond

which will cover all cargo processed under FAST procedures. If the applicant plans to reconcile their FAST entry summaries, a commitment to file the bond rider prior to flagging underlying entry summaries for reconciliation, along with identification of the port in which the continuous bond and rider are filed must be included;

E. Names, addresses, and SCAC of truck carriers who will be transporting FAST shipments across the international borders. Note, both the highway carriers and their drivers must be FAST registered;

F. Names, addresses and filer codes of any customs brokers who will be filing data;

G. The approximate total number of entries per month expected to be processed at each of the following locations:

1. Port Huron (Blue Water Bridge) and Detroit (Ambassador Bridge and/or Windsor Tunnel), Michigan;
2. Blaine, Washington; and
3. Buffalo (including the Peace Bridge and Lewiston Bridge) and Champlain, New York;

H. Detailed description of anticipated issues and/or commodities for which the participant anticipates electing reconciliation.

I. Because the Importer Compliance Monitoring Program test was

terminated on May 30, 2002 (see, **Federal Register** document published April 30, 2002 (67 FR 21322)) in favor of a new program called the Importer Self-Assessment (see, **Federal Register** document published June 17, 2002 (67 FR 41298)), the former NCAP/P requirement to furnish in the application a statement in which the applicant commits to undergo and cooperate fully with a Customs Compliance Assessment is no longer applicable.

Customs will make admissibility determinations on FAST shipments based on cargo examinations and the information supplied with the application, which will serve as a pre-filed entry for FAST purposes. Existing NCAP/P participants are not required to re-submit identification of their existing suppliers. However, the carriers and drivers employed for FAST processing under this prototype will be required to become FAST registered for the importer to continue receiving expedited release under FAST by February 1, 2003.

Importers who submit applications to participate in the FAST will be notified in writing of their acceptance or rejection. If an applicant is denied participation, the notification letter will include the reasons for that denial. Eligible importers whose initial application is rejected may re-apply upon correction of the situation that led to the denial.

Dated: December 11, 2002

Jayson P. Ahern

Assistant Commissioner
Office of Field Operations